



# DEPARTMENT OF JUSTICE

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STATEMENT OF ASSISTANT ATTORNEY GENERAL  
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(As Prepared for Delivery)  
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The cases that we have just filed demonstrate the Antitrust Division's continuing commitment to prosecute international cartels that fix prices charged to American businesses and consumers. The vitamin cartel is the most pervasive and harmful criminal antitrust conspiracy ever uncovered. The criminal conduct of these companies hurt the pocketbook of virtually every American consumer -- anyone who took a vitamin, drank a glass of milk, or had a bowl of cereal.

These companies have agreed to pay the largest criminal fines in antitrust history -- nearly three-quarters of a billion dollars in all -- because they were caught flagrantly violating the law. In addition, for the first time in our history, a European national will plead guilty and, subject to court approval, will serve four months in prison. This too reflects the serious nature of the illegal activities that we uncovered.

This cartel was truly extraordinary. It lasted almost a decade and involved a highly sophisticated and elaborate conspiracy to control everything about the sale of these products. These companies fixed the price; they allocated sales volumes; they allocated customers; and in the United States they even rigged bids to make absolutely sure that their cartel would work. The conspirators actually held "annual meetings" to fix prices and to carve up world markets, as well as frequent follow-up meetings to ensure compliance with their illegal scheme. The enormous

effort that went into maintaining this conspiracy reflects the magnitude of the illegal revenues it generated as well as the harm it inflicted on the American economy.

Let me be clear about this: contrary to what some have suggested, these kinds of cartels are by no means transient or unstable. They are powerful and sophisticated and, without intervention by antitrust authorities, will often go on indefinitely.

Indeed, during the past several years the Division has uncovered international cartels operating in a broad spectrum of commerce, including food and feed additives, chemicals, graphite electrodes (used in steel making), and marine construction and transportation services. In many of the prosecutions, the conspirator corporations were fined tens of millions of dollars -- ADM was fined \$100 million for its role in the lysine and citric acid conspiracy; UCAR paid a \$110 million fine for its participation in the graphite electrodes conspiracy; and SGL recently agreed to pay a \$135 million for its role in the graphite electrodes conspiracy -- prior to today, the largest antitrust fine in history. This fiscal year alone, which is less than 2/3 over, we have already secured more than \$900 million in criminal fines: more than three times our previous annual record; in fact, more than the total amount of fines in the entire history of U.S. antitrust enforcement.

Fines of this magnitude are absolutely necessary if we are going to deter these illegal cartels. It is now clear that, at least with respect to this conspiracy, even \$100 million fines were not an adequate deterrent. Indeed, the members of the vitamin cartel, including Hoffman-LaRoche, continued to regularly meet and carry out their global agreement even while Hoffmann-LaRoche was being investigated, prosecuted, and fined \$14 million in March 1997 for participating in the citric acid cartel.

With the imposition of the fines and prison sentence in these cases, we are hopeful that multinational companies who currently are engaged in cartel activity or who are faced with the opportunity to do so in the future will assess their risks differently and will think twice before ripping off America's consumers and businesses.